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Why are some children worth more than others?

The private-state school funding gap in England



Dr Sol Gamsu
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Design
Arby Hisenaj



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Executive Summary

Private schools foster and create social inequality in education and society at large. The economic wealth of private schools compared to neighbouring state-funded schools (local authority and academy/free schools are included here) mean that some children are quite simply worth more than others. This report quantifies the economic gap between private and state schools. It recommends that steps should be taken to redistribute and democratise the ownership of the wealth held by private schools leading eventually to their integration into the state education system.

Private schools in England receive substantially more income per pupil than their local state school peers in their local authority. In 2017-18, on average the private schools in this sample had a mean per pupil income 3.7 times higher than their local state-funded schools. This refers to state schools in the same local authority area as particular private schools. The mean income per pupil for private schools in the study was £21664, for the state-funded schools the same figure was £6024. For each pupil in a private school, the school received an income equivalent to what a state school would receive for 3.7 young people.

The economic gap in school incomes varied across the country and between different private schools. For the most elite boarding schools, this figure was substantially higher. Twenty three schools had per pupil incomes seven times higher than their local state schools. At the top of this list, Marlborough College had a per pupil income 12 times higher than state schools in the same local authority and Eton College had an income 10 times higher.

The most extreme economic inequality existed between boarding schools and local state schools. However, even if the equivalent cost of boarding in the state sector was subtracted from the income of these schools, the richest ten schools still had an income per pupil that was at least £30,000 higher than their local state schools.

There are geographical inequalities between the income and wealth of different private schools. It is across the rural counties of the South of England where economic inequality between state and private sector are at their most extreme.

Independent day schools, which have lower fees and costs than boarding schools, tend to follow a similar pattern with the largest economic inequalities compared to local state schools generally found in London and the Home Counties.

For these independent day schools 33 had a per pupil income £10,000 higher than their local state schools. The five day schools with the highest income per pupil had an income which was higher than their local state schools by £15,000 per pupil or more (St Paul's Girls' and Latymer Upper in Hammersmith and Fulham, St Albans School in Hertfordshire, and King's College School in Merton).

Given these inequalities, we explore a range of policy recommendations, from voluntary donations by private schools to the abolition of charitable status, full nationalisation of endowment wealth and the integration of private schools into the state sector. These recommendations are scaled from more minor changes that could take place whilst private schools continue to exist to structural reforms that would see the full integration of private

schools and the democratic ownership of their economic and cultural resources.

1 Introduction

Inequalities between private and state schools have been exacerbated by Covid-19. The series of lockdowns between Spring 2020 and 2021 have seen the widening of inequalities with well-resourced private schools able to adapt faster to provide online teaching.¹ With the re-opening of schools and the current emphasis of 'catch-up' policies, public discussion of education makes it appear as if Covid itself was responsible for the widening of inequalities. In reality, Covid-19 has simply exacerbated existing educational inequalities. Home learning and online teaching have highlighted how economic inequality between families and schools is central to the disparate futures our unequal education system offers to young people.

The gulf between private and state schools in the financial and cultural resources at their disposal and the difference in home learning for middle and working-class families did not form overnight. It is economic inequality, which is both racialised and classed, that underpins the gaps in young people's home learning conditions and the vast differences in resources between state and private schools. The Department for Education's (DfE) 'catch-up premium' would by its own estimate amount to just £80,000 for a 'typical secondary school' or £80 per pupil in England.² This small sum has already been highlighted as modest given the increased scale of inequalities seen with Covid-19. However, these sums will make even less of an impact in reducing the economic inequalities between private and state schools.

This report provides for the first time, direct comparisons in the per pupil income received by state and private schools. Using publicly accessible financial data available online from the DfE and Charities Commission websites, we compare the finances of over 216 private schools in 89 local authorities to show the economic gap in school funding between state and private schools. These schools are members of the Headmaster's and Headmistresses Conference (HMC), a historical association of high-status private schools formed in the late 19th century to protect the financial and legal interests of certain schools attended by the ruling and middle classes.³ Previous studies have estimated the resources gap to be one to three.⁴ The data analysed here suggests that on this measure, private schools in this sample receive a per pupil income that is on average 3.7 times that of local state secondary schools. Put another way, one private school student receives the income of nearly four state school students. For the wealthiest 10 percent of the private schools examined here, this figure reaches 7-12 times. These inequalities pose serious questions about why some children are worth so much more than others and what this says about the causes of inequalities that have widened with Covid-19. Before delving into analysis, a brief overview of the history, policy and research involving private schools and school funding is provided.

2 A historical overview of the role and finances of private schools

Private schools have been central to the creation of elites in the UK for a very long time. From sociological research from the 1920s to recent research by the Social Mobility Commission, it has been long been shown that those educated in certain private schools have dominated positions of leadership and professional employment across government and society.⁵

These schools, also known confusingly as the 'public schools' or more frequently 'independent schools' have not always existed in their current form. The model of the 'public school' with the common tropes of neo-gothic architecture, elite sports, dining halls, eccentric uniforms and vocabularies owes its history and creation to the 19th century and a series of reforms by educators and government.⁶ This social and cultural history also has its financial counterpart with the gradual formalization and legalization of a series of economic advantages for these schools.

Many of the schools that became schools for the elite and middle class had their history in 16th and 17th century charitable foundations for the free education of local children, almost exclusively boys.⁷ Already in the early 19th century, the issue of 'charitable' status was being raised as unfair, as some of the endowments left for educating poor local scholars were either being embezzled or contributing to the cost of educating the sons of the wealthy middle and upper classes. Attempts to address this situation during the first half of the 19th century were resisted by members of the Anglican Tory elite in Parliament.⁸

During the 1860s, three major government commissions reviewed the current provision of education and laid out the basis for reforms to working, middle- and upper-class education. These reforms largely exempted elite and middle-class schools from state interference. The Clarendon Commission investigated the financial and educational position of nine leading boys' public schools (Eton College, Rugby, Shrewsbury, Winchester College, Merchant Taylor's, St Paul's, Westminster, Charterhouse and Harrow). These schools were exempted from financial intervention by the state, with the government allowing their historical endowments to be used for the education of the middle and upper class. Objections were raised by local communities who lost the right to a free education for local boys.⁹ Commenting on the legislation, the Public Schools Act of 1868, Colin Shrosbree, independent scholar, described it as: 'a means test in reverse, these great public endowments were reserved for those who could pay, often in a perverse reversal of their founders' intentions and the pious hopes of many of their benefactors.'¹⁰

A larger number of schools which either aspired to or had already attained a similar status to the Clarendon schools were legislated for under the Endowed Schools Act of 1869. This legislation was both resisted and heavily watered down, in part through the political pressure and formulation of the group of schools that became the HMC.¹¹ The result of this pressure was that the Act had the effect of protecting and expanding the public school model: their endowments remained under their control and their institutional independence was ensured. This legislation effectively placed these schools 'beyond the reach of normal democratic process' where they have remained.¹²

In the decades afterwards, many on the left would claim that the endowments of these schools, as well as Oxford and Cambridge, 'were the rightful inheritance of the people'.¹³ Local resistance to this use of endowed money for the education of the rising middle class largely failed. Nationally, the demand for the 'return' or nationalisation of these endowments was made intermittently by the Trades Union Congress (TUC) and certain Liberal and later Labour MPs from the 1880s through until 1920.¹⁴ The issue returned during the 1940s and late 1960s when the TUC again called for the abolition of the public schools but on both occasions found little support from Labour governments for such a move.¹⁵ This continues to be the case and whilst Labour Party conference has in the 1970s and two years ago in 2019 called for the abolition and integration of private schools, little action has been taken by Labour governments in power to achieve this.

The persistent success of these schools in educating ruling elites and the difficulty and resistance in legislating to end or even reduce their power makes action on these schools a good test of a government's commitment to ending inequality.

3 Where does the money come from? Economic inequalities between state and private schools

Before we examine the funding gap, it is useful to understand the immediate policy context and framework for government school funding and the financial position of independent schools. We will examine the former and then the latter briefly here.

All state-funded schools are now funded through a National Funding Formula which determines how much money is given to mainstream state schools by the government. This approach has led to sharper rises in funding for schools in less deprived areas in a somewhat controversial and complicated set of changes.¹⁶

The year we are looking at, 2017-18, is the last year of the old model under which local authorities decided what factors should be used to allocate the centrally provided DfE funding. Local authorities could take into account children in care, prior attainment, English as an Additional Language and sparsity; they were obliged to account for deprivation and guarantee a set minimum amount for per pupil funding. In addition to this funding from for everyday costs, separate grants and funding were provided by the Education Funding Agency for new building and refurbishment (now the Education and Skills Funding Agency).¹⁷ In the analysis that follows below we include income for buildings and other capital spending.¹⁸ This allows an approximate equivalence to the incomes received by private schools which in most cases also has to cover capital spending.

School funding covers the cost of teacher salaries and pensions, upgrades, maintenance and improvement of school facilities, additional support for students with English as an Additional Language, Special Educational Needs and Disabilities or students from deprived backgrounds. This is an abbreviated list with school budgets being far more complex. The income received is sorted into income for minority ethnic pupils, pupil premium, grants for capital spending and numerous other forms of income. These are disaggregated slightly differently for academy and local-authority schools but largely cover the same streams of income and expenditure.¹⁹

For private schools, income sources are quite different. The primary form of income comes from tuition fees, which is classified in the Charities Commission accounts under 'charitable' income. There are a number of other income streams including endowment income (investment income allocated to specific purposes), investment income (property or financial investments), legacy income (money from wills), as well as a few other smaller income streams. Differences in income between state and private schools are explored here as private school expenditure likely covering a number of other costs that state schools do not cover. Moreover, expenditure varies year on year with exceptional outlay for particular projects likely to influence the figures. Before examining the data used in further detail, I first discuss the recent and historical policy context of financing and incomes, first for state schools and then for private schools.

4.1 State school funding: a decade of cuts and a 'levelling up' agenda

In 2017-18, the year our data refer to, government funding of state schooling had seen eight years of real-terms decline. Between 2009-10 and 2017-18, funding by the government in England,

fell by 8 percent or approximately £500 to £5872 per pupil.²⁰ The data we are working with here, pre-date changes which came after 2017-18, which saw commitments from the government to increase funding. Per pupil funding will increase to levels last seen in 2009-10 but only by 2022-23.²¹

As noted above, the 2017-18 year is also the last year before the National Funding Formula (NFF) began to apply. This formula will eventually fully centralise and standardise the way funding is allocated on a per pupil basis. Whilst this pre-dated the 2019 election, it has become part of the 'levelling-up agenda' promised by the Conservative Party. In education this committed the government to ensuring all schools receive an increased minimum spend per pupil. Whilst the focus on levelling up appears to frame this as redistributive, schools with more affluent intakes (white, non-free school meals, and with English as a first language) are likely to have seen faster rises in their per pupil funding.²² Commitments to 'level up' school funding do not appear to be targeting inequality and disadvantage in the way that might be expected. Against a context of a decade of austerity, as well as the deepening of educational inequality caused by Covid-19, there are questions to be asked about whether the solutions posed are adequate or fulfilling the commitments and rhetoric of 'levelling up'.

Whilst the trend for declining per pupil funding has been reversed since 2017-18, the changes that have been put in place are unlikely to seriously affect the funding gap between state and private schools. Private schools benefit from several different income streams and legal and accounting benefits that result in substantial financial advantages to the income of private schools relative to the state sector. This is a historical phenomenon with private schools, and the HMC specifically, actively advocating for the enhancement and protection of their financial benefits over the long term.

4.2 The historical context and formation of the funding gap between state and private schools

Recent research has highlighted the persistent financial benefits provided to private schools through taxation and charities legislation and law.²³ This pattern is historical and goes back a very long way. Over the twentieth century this pattern of preserving and protecting the financial interests of the public schools continued. As Boden, James and Kenway²⁴ have shown, the HMC and individual private schools have consistently lobbied and brought legal cases to try and protect and improve their financial interests and position. The HMC and individual schools like Brighton College were involved in a series of legal cases and government lobbying during the 1910s and 1920s. This resulted in successful legislation in 1927 that protected their right to retain profits and avoid paying income tax on these profits.²⁵

In the 1980s changes to the legislation over legacies and tax relief for covenanted payments were again beneficial to the private sector.²⁶ Tax relief for covenanted payments meant that grandparents or other relations could receive tax relief on money used to pay school fees. Large legacies over £250,000 were also exempted from what is now known as

inheritance tax and further exemptions for charities included stamp duty, capital transfer tax and exemption for tax relief for employers when staff were seconded to charities. By the mid-2000s private schools enjoyed a long list of financial advantages with exemption from VAT on tuition fees and exemption from business rates to local government being the two largest.²⁷ The state has consistently legislated in ways that reinforce the advantages of these schools rather than seeking to redistribute or share the resources that were sequestered during the late 19th century.

Labour governments have done little to change this position. The Charities Act of 2006 clarified the status of a charity in statute for the first time. Whilst previous Labour manifestos had committed to removing charitable status or rates relief, the aims set in government were considerably lower. The change in charitable status only involved guidance, published in 2008 by the Charities Commission, that a public benefit should partly be defined by not excluding those who were unable to pay fees from being able to access these schools.²⁸ The primary means by which this usually takes place is through bursaries which generally cover a percentage rather than the full costs of attending the school.²⁹ This guidance was ultimately found to be illegal after a case brought by the Independent Schools Council, leading to the guidance being re-written to give independent schools greater discretion over how they provide a benefit to 'the poor'.³⁰

4 Data and methods

This comparison between state schools and private school funding per pupil uses a subset of English private schools. The financial data analysed here is for the 2017-18 year, which provided the largest number of HMC schools possible using Charities Commission data.³¹ Charity numbers were collected by hand and charities commission data was then merged with DfE data providing data on student numbers and school type.³² All these datasets are available through Open Government Licence (v.3.0).³³

We analyse publicly available financial data for 216 institutions of the now 296 schools who are members of the HMC. The criteria of membership now emphasise size, a significant sixth form (students age 16-18), attainment and financial stability but there is financial diversity amongst these schools.³⁴ It thus provides a reasonable subset to compare the finances of private schools to local state schools. The use of the HMC allows us to focus on private or independent schools as they are commonly thought of and perceived: as expensive, fee-paying schools that have affluent middle- and upper-class intakes. It is important to acknowledge that private schools include smaller faith schools and special schools, many of which are not so wealthy, but these are not the focus of our comparison here.

Whilst the sample represents the majority of the HMC, some schools have been excluded. For consistency and ease of analysis, I have only included English schools here – Scottish and Welsh private schools, Northern Irish grammar and private schools and one New Zealand

private school are thus excluded. Several HMC members are part of larger school groups. These include groups of schools based on faith (e.g., United Church Schools Trust, Woodard Corporation) or gender (Girls' Public Day School Trust). The charities that fund these schools do not disaggregate between the finances of individual schools. Some smaller school groups involve a number of local schools, usually a girls' and boys' school with shared, co-educational preparatory schools and sixth forms. These institutions are grouped under the accounts of a single charity. Where possible I have included these smaller school groups, aggregating pupil counts across the different schools. Of the institutions analysed, fifteen have two or more secondary schools and, in some cases, shared prep and/or sixth forms. A further 35 schools have separate preparatory schools funded through the same charity as their main secondary school, the school populations for the associated prep schools have been included when calculating per pupil incomes. Given the higher fees associated with secondary school as opposed to preparatory school, this probably has the effect of underestimating income received by the secondary schools within these small groups or pairs of schools.

For the DfE financial data on English state schools, both academies and local authority (LA) secondary and all-through schools are included. This involved extensive cleaning and merging of 2017-18 data from the Consistent Financial Reporting (CFR) for LA schools³⁵ and the Academies Accounting Returns (AAR).³⁶ Cleaning involved merging schools with entries across both datasets where possible, it also involved checking pupil numbers and income figures to make sure these were reasonable. Removal of outliers also involved stripping out schools that had just opened or were about to close as well as schools with anomalously high or low incomes, this left a sample of 2302 state secondary schools in the 89 LAs with an included HMC school.

5 Findings and analysis

To explore the funding gap over different geographical areas, we produced descriptive statistics for each local authority area with an included HMC school. We calculated a full range of standard summary statistics for all school types (Independent Boarding, Independent Day, State Boarding and State Day) and for both income and expenditure variables. These figures are included as supplementary material hosted online. For simplicity and space, we look at the spatial variation in income inequalities across different local authority areas, looking first at the median funding gap between all private and all state schools and then private day schools compared to state day schools. Across these examples we will refer to individual private schools and their funding relative to the median funding for state secondary and all-through schools in their surrounding local authority area.

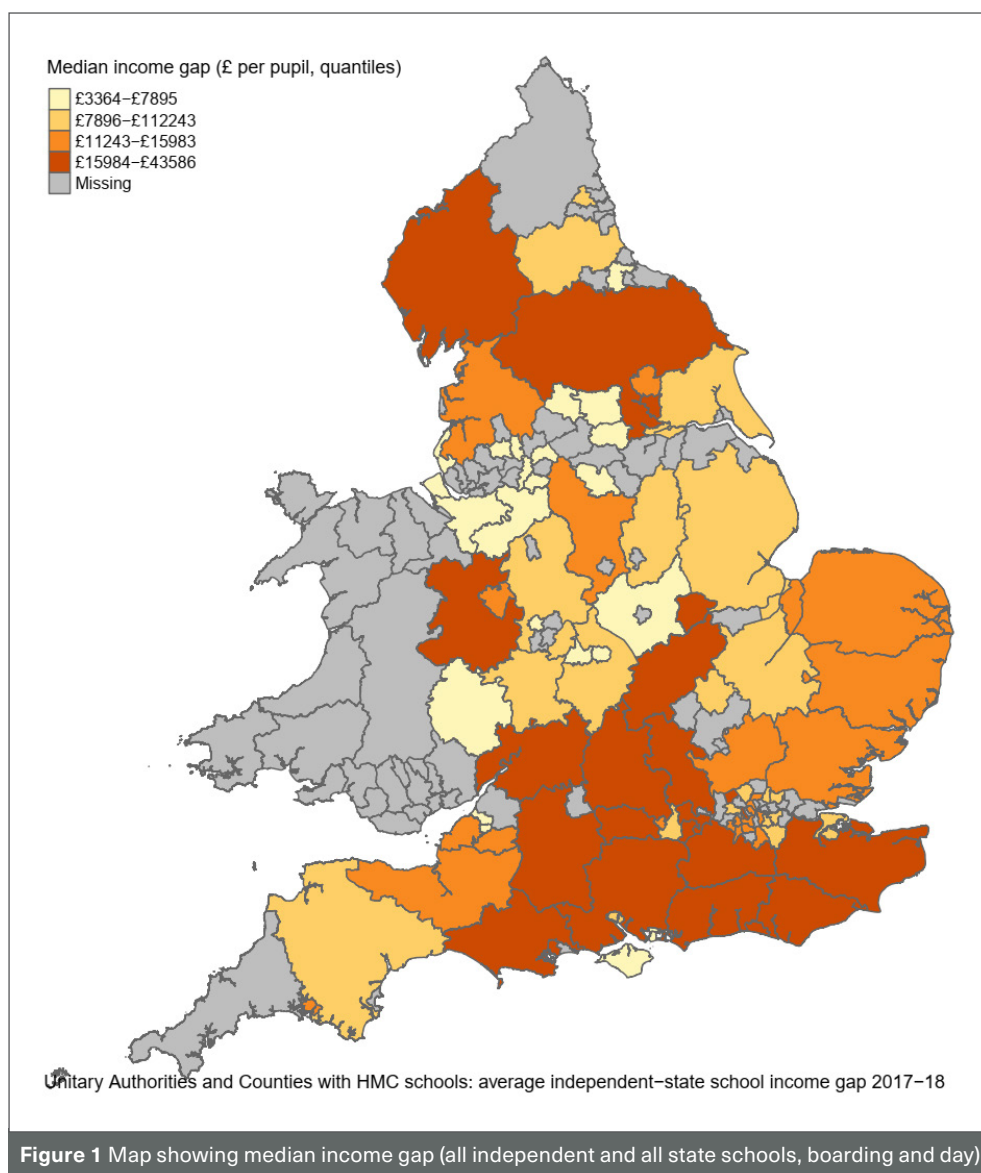
Figure 1 draws on the average (median) funding gap between all included HMC private schools and local state schools across 89 local authorities. The map shows how

much additional income per pupil included HMC schools had compared to their state secondary school neighbours. These data provide a general outline of the geography of income inequality between HMC schools and local state secondary schools. The uneven geography of private schooling in England,³⁷ means that in some areas these figures refer to the per pupil income of just one independent school, caveats and limitations will be discussed below. Nevertheless, these data allow us to show the geographical variation in economic inequality between private and state schools across England.

6.1

Mapping the funding gap: the inequalities of the Southern shires

Figure 1. shows that income inequalities are most extreme in the South of England. Rural counties in southern England where many of the famous boarding schools are located have what can only be described as extreme income disparities between some HMC schools and local state schools. Of the top 20 local authorities, all but one is in the South of England. Only Cumbria and North Yorkshire stand out. In these rural counties it is single boarding schools (Sedbergh School in Cumbria, Giggleswick and Ampleforth College in North Yorks.) that drive these figures, whereas in certain rural counties in the South-East there are larger numbers of both boarding and day schools (15 in Surrey, 9 in Oxfordshire). It is worth noting that the boarding schools included in these averages will often recruit beyond their local authority areas. Whilst we cannot know for certain where exactly boarding schools recruit their students, a recent paper shows how day school fees are correlated with regional household incomes in a way that boarding school fees are not.³⁸ This suggests that boarding schools may not reflect incomes in their local region, indicating they likely recruit from further afield. However, wherever their intake is from, these schools remain substantially wealthier than their local state schools.



The geography of income inequality reflected in the map is underpinned by the geography of the most elite fee-paying schools in England.³⁹ These LAs include the most expensive, and also the richest, boarding schools in the country. For local state schools this means neighbours with astronomical levels of wealth. In Windsor and Maidenhead, Eton College had an income per pupil (pp) of £55712, ten times the median income of local state schools. The other HMC school in the LA, St Mary's Ascot, a girls' boarding school had £41878pp; the median income for local state secondaries was £5540pp. In larger rural counties like Kent, three boarding schools had an income of over £40,000pp, over seven times the median income for local state schools (£5447pp). In Brighton and Hove, one of only three urban LAs in the top quantile for per pupil income inequality, Brighton College had an income of £47056pp, Roedean School received £39947pp – for local state schools the median figure was £5808. These are giant differences in income with huge implications for the facilities and resources that can be provided.

Per pupil income inequality is most acute in the South of England. In the North, Cumbria (Sedbergh School £25410pp income) and North Yorkshire (Ampleforth College, £41078pp and Giggleswick School, £22098pp) are the exceptions to this, with large boarding schools driving these inequalities. These schools aside, it is the rural counties of southern England where income inequalities between certain private and local state schools are largest. Table 1 shows the top ten schools with the highest income difference relative to their local day state schools. In these mostly rural areas, boarding schools with extreme levels of wealth create vast differences in the education that can be provided. Even if we try and account for the equivalent cost of a state boarding school place the differences in funding are enormous.

State boarding schools charge fees for boarding only,⁴⁰ the annual median fee for the state boarding schools included here in 2020-21 was £12441, an estimate for that figure in 2017-18 would be £11161.⁴¹ Even if we subtracted this figure from the per pupil income difference for these ten schools, all ten would be left with an income at least £30,000 higher than local state schools. This is the equivalent of a state school teacher's salary on most of the spine points of the main pay range.⁴² As a rough estimate of what these financial inequalities mean – we could state simply that the wealthiest private schools in the country could afford to pay for the salary of an additional teacher per pupil with the additional income they receive. The additional costs of running a more expensive model of education with higher salaries for teachers and more lavish facilities and standards mean that this money is likely not used for that purpose. Nonetheless, this example shows us the scale of economic inequality in education caused by the presence of elite private boarding schools.

Table 1 Top ten schools with the largest income inequalities with local state schools 2017-18 (£)

Local Authority	School	Total Income	Income per pupil	Median income pp	Ind-St. Difference	Income pp as multiple
Wiltshire	Marlborough College	59788000	64427	5527	58900	11.7
Windsor and Maidenhead	Eton College	73150000	55712	5540	50172	10.1
West Sussex	Christ's Hospital	41703000	49765	5331	44434	9.3
Bracknell Forest	Wellington College	69859000	49405	5819	43586	8.5
Hampshire	Winchester College	32971000	47646	5771	41874	8.3
Dorset	Sherborne School	25218000	46102	5443	40659	8.5
Warwickshire	Rugby School	35590283	44322	5650	38671	7.8
Harrow	Harrow & John Lyon Schools	63286000	44411	6396	38016	6.9
Windsor and Maidenhead	St Mary's School Ascot	16165000	41878	5540	36338	7.6
Oxfordshire	Radley College	28624000	41726	5489	36237	7.6

Away from these rural areas the map Brighton and certain parts of London (Harrow and Hammersmith and Fulham) are also in the top quantile for income inequality. In contrast, the provincial cities with an included HMC school (Coventry, Southampton, Bury, Newcastle, Manchester, Stockport, Sheffield, Leeds and Bristol), we see lower income inequalities. It is notable that there are lower inequalities, by national standards, in northern cities which underlines the hierarchies and inequalities within the HMC and the private school system. The wealthiest private schools are concentrated in the South. Having examined these broad patterns which include boarding schools, we will now examine the geography of income inequality looking at day schools only.

6.2

Independent day schools: Southern income inequality persists?

If we exclude boarding schools from our analysis, the map of income inequality between schools shifts but only slightly (Figure 2). It is of course notable that the income inequalities

relative to local state schools decreases substantially showing the additional cost of boarding schools. The first caveat here is that we have much smaller numbers, only 82 of the 216 institutions included here are day schools. Most of these figures shown for the local authority areas here refer to just a handful of schools – Surrey and Hertfordshire have the largest number of included HMC day schools with six apiece. A more detailed consideration of independent day schools beyond the HMC would further our analysis but that is not possible here.

Nevertheless, we can still see some notable geographical variation. The 20 local authorities with the largest median income gaps are primarily focused on London and the South-East with Norfolk the exception. For Norfolk, a single wealthy school explains these figures: Norfolk School with an income of £17604 per pupil (£12142pp more than the median figure for local state schools). Hertfordshire has five day schools in the HMC allowing us a more representative picture of private schooling in the area. Here these five schools have an additional income per pupil varying between £8111 higher (St Columba's College) to £15737 higher (St Alban's School) than local state schools (median income of £5924). These exceptions aside, it is the London boroughs and particularly those in the affluent West of the city, where we see schools with the largest economic advantage relative to their state peers. This is borne out if we look at the top ten largest income differences relative to local state schools (Table 2).

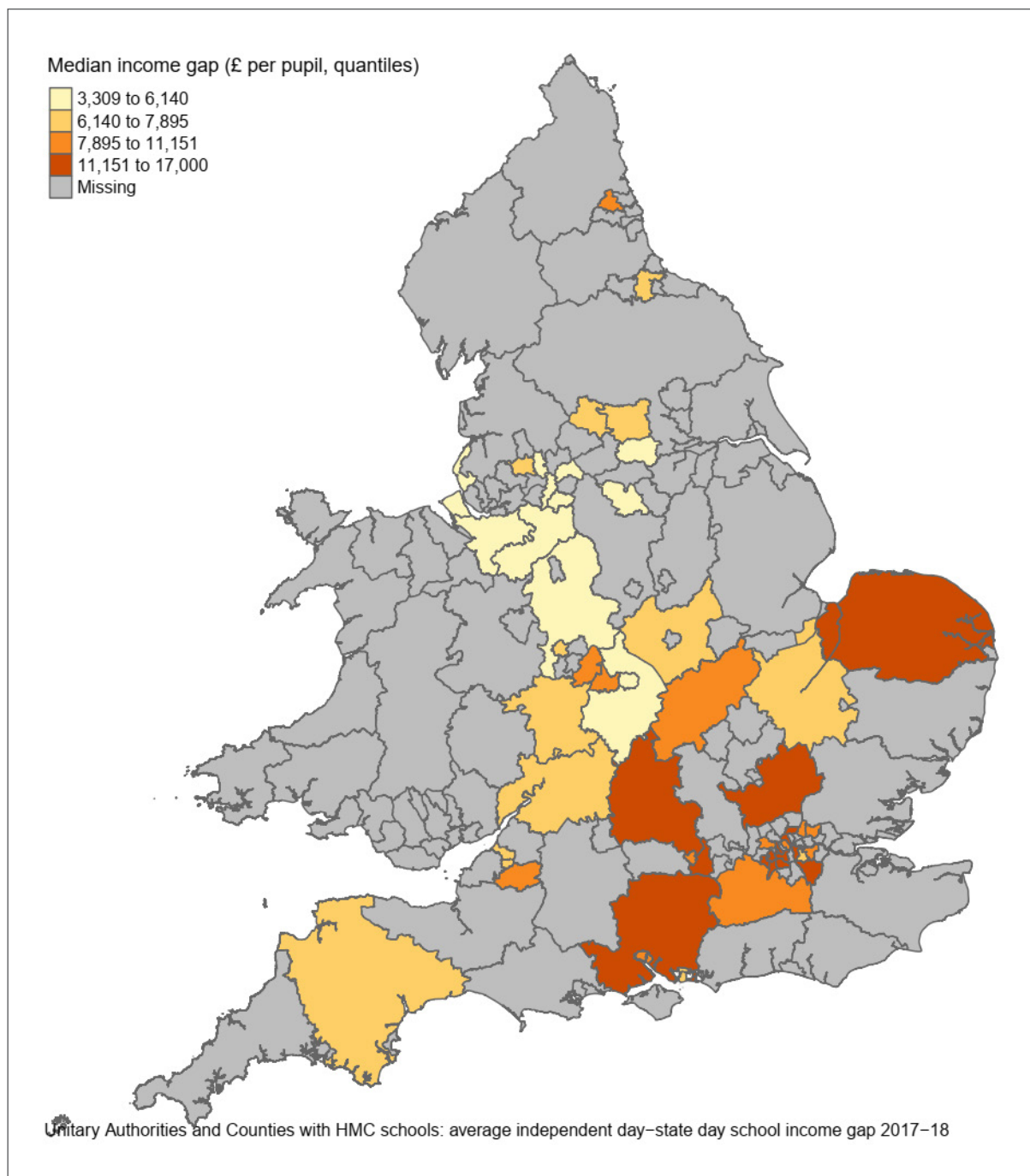


Figure 2 Map showing median income gap between independent and state schools (day schools only)

Table 2 Top ten-day schools with the largest income inequalities with local state schools 2017-18 (£)

Local Authority	School	Total Income	Income per pupil	Median income pp (local state schools)	Ind-St. Difference	Income pp as multiple of local state Inc. pp
Hammersmith and Fulham	St Paul's Girls' School	20846000	27721	7365	20355	3.8
Hammersmith and Fulham	Latymer Upper School	34727678	25002	7365	17637	3.4
Hertfordshire	St Albans School	18368000	21660	5924	15737	3.7
Merton	King's College School	34077000	21788	6522	15267	3.3
Oxfordshire	Magdalen College School	18593377	20728	5489	15240	3.8
Richmond upon Thames	Lady Eleanor Holles School	18817454	20908	6190	14718	3.4
Hammersmith and Fulham	The Godolphin and Latymer School	17863855	21679	7365	14314	2.9
Camden	University College School	25156000	22223	7923	14300	2.8
Kingston upon Thames	Kingston Grammar School	16411000	19796	5808	13988	3.4
Hertfordshire	Immanuel College	13502849	19683	5924	13760	3.3

West London day schools have the largest economic advantage over local state schools. London day schools can take advantage of the presence of wealthy elites who can afford higher fees and donate considerable sums to fundraising campaigns. Latymer Upper had the third highest voluntary income from donations and other sources, receiving over £8m in 2017-18. This means that Latymer Upper received more in donations and other forms of voluntary income than the total income of eight of the ten neighbouring secondary schools in Hammersmith and Fulham included here. London, alongside some of the south-eastern shires, has the largest economic inequalities between state and private day schools.

Conversely if we look at the bottom of the list, at schools where the income advantage over local state schools is just a few thousand pounds, the geographical skew is reversed. The private schools with lower incomes and smaller economic advantages over local state schools are primarily found in towns and cities in the North of England and the Midlands. Only Bristol is the exception to this. Whilst in Cambridgeshire, Bristol and to a lesser extent Manchester and Cheshire West also have more affluent schools with larger gaps relative to local state schools, this is not the case in Coventry or Hull. These economic gaps are still significant and allow some degree of financial advantage relative to local state schools. However, these data do suggest a regional divide in private schooling which reflects the smaller, sometimes more fragile state of private schooling outside the South-East of England.⁴³

Table 3 'Bottom' ten-day schools with the lowest income inequalities with local state schools 2017-18 (£)

Local Authority	School	Total Income	Income per pupil	Median income pp (local state schools)	Ind-St. Difference	Income pp as multiple of local state Inc. pp
Cheshire West and Chester	The Grange School	12178275	10462	5459	5004	1.9
Wirral	Birkenhead School	8583165	10948	6169	4779	1.8
Bristol City of	Colston's School	8004402	10673	6116	4557	1.7
Cambridgeshire	Wisbech Grammar School	5339075	10287	5871	4416	1.8
Wakefield	Wakefield Grammar School Foundation	21086952	10317	5943	4374	1.7
Oldham	Oldham Hulme Grammar School	8337074	10567	6245	4322	1.7
Sefton	St Mary's College	5832286	9561	5691	3870	1.7
Manchester	St Bede's College	7923814	10840	7233	3607	1.5
Kingston Upon Hull City of	Hymers College	9937967	10450	7045	3406	1.5
Coventry	Bablake & King Henry VIII Coventry	22652677	9672	6308	3364	1.5

These geographical differences *within* the private sector, affect the relative degree of inequality between state and private sector across the country. What the analysis here suggests is a much more polarized system of education across parts of the South of England. The presence of extremely wealthy boarding schools as well as a larger number of wealthy day schools, results in far greater inequity between state and private sector across large parts of the South and particularly the South-East of England. There are as we have shown, exceptions to this geographical distinction, but there is a regional patterning to the economic polarisation between state and private schools; the gap is wider in London and the South-East than it is elsewhere. This is driven by the presence of the most established, socially, and economically elite fee-paying schools and the elites who can afford them.

6 Policy recommendations

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How could we begin to resolve these economic inequalities between state and private schools? I will begin with a more feasible and low risk set of proposals, gradually building up to include the more radical policies. Some of these proposals have been suggested before, most recently by Private Education Policy Forum (PEPF) whose longer report I draw on here.⁴⁴

Voluntary donation by local private schools to local funds aimed at reducing inequalities in education

This practical proposal has already been put forward in Taunton where some local councillors suggested that the council invite private schools to contribute 10 percent of their business rate relief to a community fund.⁴⁵ This motion was not carried but in other local authority areas there may be greater opportunity for this to happen. Moreover, the political context has changed with Covid-19 which may give voluntary schemes like this more momentum. This would be unlikely to seriously reduce the economic inequalities between private and state schools, but it would acknowledge the differences and highlight the financial advantages enjoyed by these schools.

Removal of charitable business rate relief

Removing the right of independent schools to local business rates relief would require legislation. This has already been passed in Scotland though its implementation is currently

delayed until April 2022 due to the impact of coronavirus on independent schools.⁴⁶ This would bring in an estimated annual income of £5m in Scotland,⁴⁷ or £104.4m in England and Wales.⁴⁸

Charging VAT on school fees

This was proposed by the Labour Party explicitly in its 2017 manifesto and again in 2019. PEPF calculate this would bring in an estimated £1.75bn accounting for the reduction in student numbers that would likely result as many schools would be forced to pass on the costs of this to parents.⁴⁹

Removal of charitable status in full

This would go beyond business rates and affect financial advantages that private schools have lobbied to extend and protect for well over a century.⁵⁰ This would potentially affect benefits received on income tax, donations and legacies, capital gains and stamp duty and would require major legislation. The least wealthy and socially elite schools would be most vulnerable to this sort of reform; the more established schools would likely be able to weather this change.

Nationalisation of endowments and creation of a People's Educational Endowment

Nationalising and redistributing endowment wealth in the form of investments and property held by the wealthiest private schools would be a reform that would affect the most elite schools the most. A reform of this sort would allow private schooling to continue but without the resources which were in many cases originally intended for the free education of local children. The endowment could be held in a national fund, the People's Educational Endowment. The endowment interest could rotate geographically on an annual basis to different local authority areas. Areas would receive a small amount, perhaps up to £5 million once every 5-10 years. This would cover additional or experimental programmes or projects *beyond* the statutory and standard funding and running costs of schools, colleges and community/adult education. Participatory assemblies of local residents could debate different educational projects which would then be put to a vote across the area. In 2017-18, the schools analysed here received income of at least £81,196,607 from investments and endowments.

Integration of all private schools into the state system

If charitable status were removed and endowments nationalised, schools would be entirely reliant on fee income. Many private schools would cease to be economically viable and would either face closure or integration into the state system. Full integration would cost an estimated £2.3bn a year according to PSPR. This change would make good on the demands of the early trades union movement for a single, democratic, and publicly owned system of education.

Excluding the first option, these proposals would all require legislation. It is likely they would also face resistance and possible legal challenges in court. They would all also require local democratic structures to redistribute money for educational purposes. There is thus a good argument that this would need to be part of a progressive reconstruction of local participatory, democratic structures to organise schooling. For the more radical and expensive policy options outlined here (5. and 6.), it is hard to imagine this would happen without broader reform that would involve progressive taxation and further redistributive measures across society and the economy.

Despite the legal and political difficulties in proposing these reforms, the current context and public opinion may favour the reduction of deep inequalities that Covid-19 has exacerbated. Recent surveys suggest that in education specifically, 53 percent of respondents agreed it was unfair that ‘some people can get better education for their children, just because they can afford to pay’.⁵¹ As we begin to consider what education should look like in and, hopefully after, the Covid-era, it is time we asked whether vast economic inequalities between schools are still justifiable.

7 Conclusion

To ‘level-up’ state school funding to levels seen within the private schools, the government would need to roughly quadruple current levels of funding. In 2017-18, median per pupil income for these HMC schools was, £18,648 compared to £5782pp for the state schools included here. Per pupil funding is set to rise to £5,987 in England by 2022-23,⁵² yet this ‘levelling up’ does not remotely begin to close the economic inequality that exists with many private schools. Increasing state school incomes to match those seen in private schools would involve an unprecedented increase in school spending. State schools deserve far greater funding but at the heart of the inequalities that Covid has exacerbated is the simple fact that some schools, and the families who use them, have far too much wealth and others too little. If we talk about educational inequality as a problem that can be resolved by ‘improving’ those at the ‘bottom’ we ignore the fact that it is those at the ‘top’ who are setting the rules of the game. In the end educational inequality cannot be separated from a larger discussion about what levels of economic inequality are acceptable.

With much emphasis now on ‘catch-up’ and highlighting how students from working-class backgrounds have fallen behind their more privileged peers, the findings of this report should make us pause and consider *why* this has happened. In many cases, private schools possess vast economic resources relative to their local state schools; Covid-19 has not created new inequalities, it has only highlighted and dramatically exacerbated pre-existing inequality. We should not be surprised that schools that on average have nearly four times the income per pupil compared to their local state schools were much better prepared and resourced to be able to cope with moving to online teaching. This is before we even begin to account for the differences in students’ class backgrounds and familial resources.

Similarly, the levelling up agenda and government commitments to gradually increase school funding come nowhere near closing the economic gaps between state and private schools. The level of economic inequality between the state and private sector is such that much more dramatic increases in state funding would have to be proposed if there was ever to be real parity between the state and private sectors. Moreover, the picture presented here of greater economic polarisation in the rural South and in parts of London further complicates a simple notion of regional 'levelling-up'. In fact, the presence of extremely wealthy private schools across the South of England creates a highly uneven playing field within many of the most affluent parts of the country. These economic inequalities between schools reflect the more polarised social and economic structure of the South-East of England where economic success for a minority creates inequality *within* just as much as *between* regions.

At the heart of both approaches to 'levelling up' and Covid-19 'catch-up' policies is a failure to consider redistributive politics in education in any deep or meaningful sense. To resolve the scale of inequality that exists within the English educational system requires a much deeper reckoning with the structure of society. The long-term refusal to examine the role of private schools in creating educational inequality creates a policy context in which the deeper questions about how and where social inequality is created simply cannot be asked.

Bringing the wealth of these institutions into common, public ownership, would allow us to create the basis for a new educational settlement. Nationalising and democratising the wealth held by these schools would help bring about the slow erosion and integration of private schools and would contribute to undermining the elitism and the unequal class structure that they help reproduce. This is long overdue, and Covid-19 has only made the case for this stronger.

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